

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

(Expressed in Barbados dollars)

20. Statutory Reserves

	<u>2014</u>	<u>2013</u>
Statutory reserve (i)	\$ 81,891,199	71,494,178
General reserve (ii)	<u>-</u>	<u>46,044</u>
	<u>\$ 81,891,199</u>	<u>71,540,222</u>

(i) Statutory reserve

The movement in this reserve during the year is as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ <u>71,494,178</u>	<u>62,907,875</u>
Transfers to reserve – statutory *	4,382,960	4,135,300
Transfer to reserve – statutory **	167,746	-
Transfers to reserve - voluntary	<u>5,824,590</u>	<u>4,433,568</u>
	<u>81,869,474</u>	<u>8,568,868</u>
Entrance fees	<u>21,725</u>	<u>17,435</u>
Balance, end of year	\$ <u>81,891,199</u>	<u>71,494,178</u>

* Section 197(2) of the Co-operative Societies (Amendment) Act 2007-39 requires for the Credit Union that an appropriation equivalent to the greater of one half of one per cent (0.5%) of total assets or twenty-five per cent (25%) of net surplus shall be credited to the reserve fund annually until capital equals ten per cent (10%) of total assets. The Registrar of Co-operatives may increase the appropriation amount to forty per cent (40%) of net surplus or one per cent (1%) of total assets in certain circumstances.

** Under the provisions of the Financial Institutions Act, a subsidiary is required to transfer a minimum of 15% of its after tax profits to a reserve fund until such fund equals the share capital. A transfer of \$167,746 was required during 2014 (2013 - Nil).

(ii) General reserve

The general banking reserve of a subsidiary represents an appropriation of retained earnings equivalent to the excess of loan loss reserve requirement in accordance with statutory requirements compared to the loan loss provision calculated in accordance with IFRS. However, where the IFRS loan loss reserve exceeds the statutory requirements, the amount previously appropriated is released to retained earnings.

During the year, an amount of \$46,044 (2013 - \$nil) was transferred from the general reserve to retained earnings.